

Message Text

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PAGE 01 BRUSSE 08394 01 OF 02 281651Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
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LAB-04 SIL-01 OMB-01 OIC-02 SOE-02 DODE-00 DOE-15
H-01 INT-05 L-03 NSC-05 PM-05 ICA-11 OES-07
SS-15 ACDA-12 XMB-02 AGRE-00 /153 W
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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC PRIORITY 6315
INFO ALL EC CAPITALS
USMISSION USUN NEW YORK PRIORITY

LIMITED OFFICIAL USE SECTION 01 OF 02 BRUSSELS 08394

USEEC

E.O.11652: N/A
TAGS: EGEN, ECOSOC, UN, EEC
SUBJECT: EC PARTICIPATION IN MAY MEETING OF UN
-- OVERVIEW COMMITTEE

REF: (A) BRUSSELS 7855 (B) BRUSSELS 5150

1. SUMMARY: THE EC COUNCIL NORTH-SOUTH HIGH-LEVEL GROUP ON APRIL 26 APPROVED THE STATEMENT ON ECONOMIC GROWTH AND A COMMON EC POSITION FOR THE MAY OVERVIEW COMMITTEE MEETING. WHILE THE REPRESENTATIVE OF THE EC COUNCIL PRESIDENCY COUNTRY IS TO PRESENT COMMUNITY VIEWS, IT WAS AGREED THAT MEMBER STATES COULD ALSO INTERVENE DURING THE OVERVIEW COMMITTEE MEETING AS LONG AS THEY STAYED WITHIN THE GENERAL EC POSITION. THE EC STATEMENT ON GENERAL ECONOMIC GROWTH CONFORMS TO THE OUTLINE TRANSMITTED REF B. END SUMMARY.
2. ODILE QUINTIN, ASSISTANT TO DEPUTY DIRECTOR GENERAL CASPARI FOR NORTH-SOUTH MATTERS, INFORMED THE MISSION THAT

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PAGE 02 BRUSSE 08394 01 OF 02 281651Z

THE EC COUNCIL'S NORTH-SOUTH HIGH-LEVEL GROUP CONCENTRATED AT ITS MEETING OF APRIL 26 ON REVIEWING AND APPROVING THE FORMAL COMMUNITY STATEMENT FOR AGENDA ITEM ONE OF THE UN OVERVIEW COMMITTEE REGARDING ECONOMIC GROWTH AND INTERDEPENDENCE, AS WELL AS THE EC'S POSITION GUIDELINE PAPERS FOR THE OTHER THREE AGENDA ITEMS. SHE NOTED THAT THERE WAS STILL UNCERTAINTY AMONG THE MEMBER STATES REGARDING

THE ULTIMATE ROLE OF THE OVERVIEW COMMITTEE AND WHAT IT MIGHT BE REASONABLE TO TRY TO HAVE IT ACCOMPLISH DURING ITS FIRST SUBSTANTIVE MEETING. SHE REGRETTED THAT IT HAD NOT BEEN POSSIBLE TO PROVIDE US VIEWS IN TIME FOR THE MEETING (REF A) FOR SHE FELT THAT THIS MIGHT HAVE HELPED GIVE DIRECTION TO THE GROUP'S DELIBERATIONS. WHILE AGREEMENT WAS REACHED ON THE GENERAL EC POSITION FOR THE OVERVIEW COMMITTEE, SHE SAID THAT THE MEMBER STATES RECOGNIZED THEY WILL HAVE TO CONTINUE TO COORDINATE CLOSELY IN NEW YORK IN ORDER TO CONTINUE TO MAINTAIN A COMMON STAND DURING THE MAY MEETING.

2. MADAME QUINTIN SAID THAT THERE WAS SOME DISCUSSION AT THE APRIL 26 MEETING AS TO WHETHER THE COMMUNITY SHOULD TRY TO SPEAK ONLY WITH ONEVOICE THROUGH THE PRESIDENCY COUNTRY AS IT HAD DURING THE CIEC EXERCISE IN PARIS. IT WAS FINALLY AGREED (AND CONFIRMED BY COREPER ON APRIL 27) THAT AFTER THE DANISH DELEGATE AS THE EC COUNCIL PRESIDENCY COUNTRY PRESENTS THE COMMUNITY'S FORMAL POSITION ON ANY ISSUE, THE OTHER MEMBER STATES WOULD BE FREE TO SPEAK, BUT SHOULD DO SO WITHIN THE GENERAL GUIDELINES OF THE COMMUNITY POSITION. SHE AGREED THAT THIS IS SOMETIMES DIFFICULT TO DEFINE. SHE ADDED THAT THE DECISION TO AUTHORIZE INTERVENTION BY MEMBER STATES WAS LARGELY AT THE REQUEST OF THE UK AND THE NETHERLANDS. THEY UK WANTS TO ASSURE THAT FRANK JUDD WHO WILL PROBABLY BE THE SENIOR REPRESENTATIVE OF THE MEMBER STATES PRESENT, SHE SAID, HAS THE RIGHT TO LIMITED OFFICIAL USE

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PAGE 03 BRUSSE 08394 01 OF 02 281651Z

INTERVENE DIRECTLY AS NECESSARY. THE FRENCH INDICATED, IN TURN, THAT THEY TOO WANTED THE RIGHT OF INTERVENTION FOR THEIR SENIOR REPRESENTATIVE. THE NETHERLANDS' DESIRE FOR THE RIGHT TO SPEAK INDEPENDENTLY STEMS FROM THE FACT THAT ITS VIEWS ARE STILL NOT IN COMPLETE HARMONY WITH THAT OF THE OTHER EC MEMBERS.

3. MADAME QUINTIN NOTED THAT THE MEMBER STATES HAVE DECIDED THAT THE EC SHOULD OPPOSE THE PREPARATION OF FORMAL MINUTES OR CONCLUSIONS OF THE MAY OVERVIEW COMMITTEE MEETING. SINCE THE G-77 WILL PROBABLY INSIST UPON SOME KIND OF A RECORD OF THE DELIBERATIONS, THE MEMBER STATES HAVE AGREED THAT THEY COULD ACCEPT THE PREPARATION OF INFORMAL CONCLUSIONS BY THE RAPPORTEUR (DENMARK) BUT WOULD OPPOSE CONCLUSIONS BY THE PRESIDENT (ALGERIA).

4. MADAME QUINTIN PROVIDED A COPY OF THE ENGLISH TRANSLATION OF THE FRENCH ORIGINAL OF THE COMMUNITY'S STATEMENT ON ECONOMIC GROWTH AND INTERDEPENDENCE (COPIES POUCHED TO EUR/RPE AND USUN). THIS STATEMENT CLOSELY FOLLOWS THE OUTLINE FORWARDED BY REF B. AMONG THE POINTS IN THE STATEMENT WORTH NOTING ARE THE FOLLOWING:

A. CONSIDERABLE IMPORTANCE IS ATTACHED TO THE DEPRESSIVE EFFECT ON THE WORLD ECONOMY OF THE REDUCTION OF PRODUCTIVE

INVESTMENT, LARGELY AS A RESULT OF "GROWING UNCERTAINTY". THE NEED TO INCREASE SUCH INVESTMENTS IN BOTH DEVELOPED AND DEVELOPING COUNTRIES IS STRESSED IN VIEW OF THE IMPORTANCE OF INVESTMENT FOR STIMULATING DEMAND AND FURTHERING GENERAL ECONOMIC GROWTH, INCLUDING EXPANSION OF EMPLOYMENT.

B. THE STATEMENT ATTACHES CONSIDERABLE IMPORTANCE TO ENERGY. THE 1973 OIL CRISIS AND THE RAPID RISE IN OIL PRICES IS SAID TO HAVE BROUGHT ABOUT A "LASTING AND RADICAL CHANGE IN THE WORLD BALANCE OF PAYMENTS STRUCTURE". ATTEMPTS TO RESTORE EQUILIBRIUM LED MANY COUNTRIES TO ADOPT DEFLATIONARY POLICIES WHICH RESULTED IN THE 1974-75 RECESSION. GREATER ENERGY COOPERATION IS IMPORTANT FOR BOTH PRODUCERS AND CONSUMERS OF ENERGY AND SHOULD HAVE LIMITED OFFICIAL USE

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PAGE 04 BRUSSE 08394 01 OF 02 281651Z

SEVERAL OBJECTIVES: (1) ACCELERATE (PARTICULARLY IN THE

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PAGE 01 BRUSSE 08394 02 OF 02 281654Z

ACTION EUR-12

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LIMITED OFFICIAL USE SECTION 02 OF 02 BRUSSELS 08394

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LDC'S) EXPLORATION AND DEVELOPMENT OF TRADITIONAL ENERGY SOURCES (OIL, GAS AND COAL); (2) SEEK TECHNOLOGIES AND

"WAYS OF LIFE" TO ACHIEVE GREATER ENERGY CONSERVATION AND THE UTILIZATION OF RENEWABLE SOURCES OF ENERGY; (3) IMPROVE THE TWO-WAY FLOW OF INFORMATION ON ENERGY DEMAND AND SUPPLY; AND (4) ESTABLISH MEASURES FOR THE TRANSFER OF ENERGY TECHNOLOGY.

C. THE DECLINE OF INDUSTRIES IN THE DEVELOPED COUNTRIES IS CREATING SERIOUS UNEMPLOYMENT PROBLEMS. RESTRUCTURING IS NECESSARY IN THESE COUNTRIES, PARTICULARLY IN FAVOR OF INDUSTRIES WHICH ARE CAPITAL INTENSIVE AND EMPLOY HIGHLY-SKILLED LABOR, BUT IS DIFFICULT TO ACHIEVE EXCEPT IN A SITUATION OF EXPANDING WORLD PRODUCTION.

D. EFFORTS MUST BE CONTINUED TO LIBERALIZE INTERNATIONAL TRADE, PRIMARILY BY CONCENTRATING ON THE MULTILATERAL TRADE NEGOTIATIONS AND THE APPLICATION OF GENERALIZED SYSTEMS OF PREFERENCES.

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PAGE 02 BRUSSE 08394 02 OF 02 281654Z

E. BETTER CONTROL OF INTERNATIONAL LIQUIDITY WOULD REDUCE THE RISKS OF INFLATION AND DISEQUILIBRIUMS AT THE NATIONAL LEVEL. TO THIS END, "THE COMMUNITY FEELS THAT IT IS NECESSARY TO STRENGTHEN THE ROLE OF SDR'S IN ORDER TO MAKE THEM THE PRINCIPAL RESERVE INSTRUMENT OF THE INTERNATIONAL MONETARY SYSTEM."

F. THERE SHOULD BE A SUBSTANTIAL INCREASE IN OFFICIAL DEVELOPMENT ASSISTANCE (ODA) IN ORDER TO ASSURE THAT ODA REACH THE APPROVED TARGET OF 0.7 PERCENT OF GNP, WHILE TERMS OF ODA SHOULD BE IMPROVED TO ASSURE THAT THE OVERALL GRANT ELEMENT IS A MINIMUM OF 86 PERCENT OF FINANCIAL COMMITMENTS.

G. INSTABILITY OF RAW MATERIAL PRICES AND UNCERTAINTIES REGARDING INVESTMENT AND CONDITIONS OF SUPPLY HARM BOTH PRODUCER AND CONSUMER COUNTRIES. EFFORTS SHOULD BE CONTINUED TO IMPROVE "RAW MATERIALS MARKET STRUCTURES", PARTICULARLY IN THE CONTEXT OF THE UNCTAD INTEGRATED PROGRAM AND THE POSSIBLE ESTABLISHMENT OF A COMMON FUND.

5. MADAME QUINTIN WILL ACCOMPANY CASPARI TO THE OVERVIEW COMMITTEE MEETING AND IS LOOKING FORWARD TO EXCHANGING VIEWS WITH THE US REPRESENTATIVES. HINTON

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